

TESTIMONY BEFORE THE UNITED STATES CONGRESS
ON BEHALF OF THE
NATIONAL FEDERATION OF INDEPENDENT BUSINESS

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Testimony of

John Rowland

before the

**United States Senate
Committee on Small Business and Entrepreneurship**

on the date of

September 22, 2005

on the subject of the

Impact of Hurricane Katrina on Small Business

Good Morning. I am John Rowland, president of Southern Hospitality Catering of New Orleans, Louisiana. Thank you, Chairwoman Snowe and Ranking Member Kerry, for giving me the opportunity to testify on behalf of the National Federation of Independent Business regarding the impact of hurricane Katrina on small businesses.

For the past 21 years, Southern Hospitality has been a full-service on site catering business proudly doing business in New Orleans. We have fed jambalaya, crawfish etoufee and bread pudding to literally millions of people all over the country, including at the White House. We have employed hundreds of people over the past 21 years, many of whom have gone on to open their own restaurants, put themselves through school, or open their own businesses.

I started Southern Hospitality directly out of college with no experience, a few hundred dollars, and a gas card. Since 1984, I have enjoyed much success and take pride in the business I have grown. It is amazing the destruction that one hurricane has caused. My kitchen and facility are devastated. My entire inventory is gone. I have reports that my mobile kitchen, delivery truck and two cargo vans have been severely vandalized.

I will do whatever I have to do to rebuild my business and put my 11 full-time and 200 on-call contract employees back to work. I will have to rebuild “from scratch,” as they say in the kitchen. Getting back to operating conditions will be the first challenge. Getting customers back will be another, separate, challenge that I believe will take time, persistence and money.

Small businesses like mine are ill-equipped to absorb this extraordinary, unprecedented, event. Yet small businesses account for a huge percentage of the region’s economic engine.

I understand Congress is exploring low interest loans for small businesses affected by Katrina, and I am grateful for that. I urge, however, that Congress also consider offering small business grants to qualifying businesses as well. This is because many small businesses – particularly seasonal ones like mine -- will not have significant revenue for a long time. The last thing we can afford to do is incur more debt.

Tax incentives are also important to small business. Section 179 of the internal revenue code may be a great first step in regaining valuable equipment lost due to the hurricane. Under current law, Section 179 allows small businesses to expense (that is, to fully deduct from taxable

income) a limited amount of the cost of new business equipment in a year. In order to assist small-business owners as they make the investments necessary to rebuild their businesses, I suggest increasing expensing limits as high as possible so that small-business owners can take advantage of this immediately. The second incentive I would suggest would be to revise the tax treatment of construction for repair and replacement purposes. Allowing small businesses that were affected by the hurricane to immediately depreciate 50 percent for equipment, building and structure would be useful for rebuilding businesses quickly. I sincerely hope that you will try to address immediate concerns in this area.

Senators, I want to put people back to work. I am in this horrible position through no fault of my own. By increasing the annual allowance and by offering small business grants, I can invest in the assets I need to get back into business. When we speak of "rebuilding New Orleans," I suggest that the bricks and mortar may prove to be the easy part. It will be rebuilding an economy, with businesses of all size that will be our biggest challenge in the long term. Small-business owners like me are eager to return to New Orleans and to contribute to the economy and culture that make our city great. With help from Congress, we will rebuild not only our buildings, but our economy as well.

I thank the Committee for holding this hearing. I urge your steadfast support, as the impacts of this devastation will long outlast the news cameras or front-page stories. Long after the rest of the country has heard enough about Katrina, the Gulf Coast will still be hard at work, trying to rebuild and hold on.

Thank you for the opportunity to testify on this important issue. I'll be happy to take any questions that you may have.

CORE VALUES

We believe deeply that:

Small business is essential to America.

Free enterprise is essential to the start-up and expansion of small business.

Small business is threatened by government intervention.

**An informed, educated, concerned, and involved public
is the ultimate safeguard for small business.**

Members determine the public policy positions of the organization.

**Our employees and members, collectively and individually, determine the success of
the NFIB's endeavors, and each person has a valued contribution to make.**

**Honesty, integrity, and respect for human and spiritual values are important
in all aspects of life, and are essential to a sustaining work environment.**

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